

RESOLUTION NO. 2003-178

RESOLUTION OF THE LODI CITY COUNCIL REGARDING ITS
INTENTION TO ISSUE TAX-EXEMPT WASTEWATER OBLIGATIONS

WHEREAS, the City of Lodi (the "Borrower") desires to finance the costs of acquiring, construction, reconstructing and/or equipping certain public facilities and improvements relating to its wastewater system, as provided in Exhibit A attached hereto and incorporated herein (the "Project"); and

WHEREAS, the Borrower intends to finance the acquisition, construction, reconstructing and/or equipping of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations the Borrower desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Borrower; and

WHEREAS, this Governing Board of the Borrower has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Borrower for the Expenditures from the proceeds of the Obligations;

NOW, THEREFORE, THIS GOVERNING BOARD OF THE CITY OF LODI DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Borrower hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligation. Exhibit A describes the general character, type, purpose, and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is not to exceed \$5,000,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Borrower will expend moneys for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. The Borrower will make a reimbursement allocation, which is a written allocation that evidences the Borrower's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. For Obligations subject to the small governmental issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the "eighteen-month limit" of the previous sentence is changed to "three years" and the "three-year limitation" of the previous sentence is not applicable.

SECTION 5. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 6. Each expenditure will be of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure).

SECTION 7. To the best of our knowledge, this Governing Board is not aware of the previous adoption of official intents by the Borrower that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 8. This resolution is adopted as official action of the Borrower in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Borrower expenditures incurred prior to the date of issue of the Obligations.

SECTION 9. All the recitals in this Resolution are true and correct and this Governing Board so finds, determines and represents.

Dated: September 17, 2003

=====

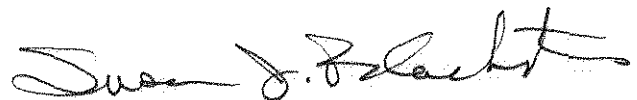
I hereby certify that Resolution No. 2003-178 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 17, 2003 by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land,
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk

EXHIBIT A

DESCRIPTION OF PROJECT

The project to be financed consists of various capital improvements to the Borrower's wastewater system, including certain infrastructure improvements.